

# NATIVE HAWAIIAN HOUSING PLAN COVER SHEET

**U.S. Department of Housing  
and Urban Development**  
Office of Public and Indian Housing  
Office of Native American Programs

## NATIVE HAWAIIAN HOUSING PLAN TABLE OF CONTENTS

*This form is for use by the DHHL to identify the location of the required elements of the Native Hawaiian Housing Plan (NHHP)*

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# 1-YEAR NATIVE HAWAIIAN HOUSING PLAN

The 1-Year Plan section of the Native Hawaiian Housing Plan must contain information relating to the fiscal year for which assistance is to be made available, including the following:

**1. GOALS AND OBJECTIVES - A statement of the goals and objectives to be accomplished during the period.**

**Goal No. 1:** Increase the affordable housing inventory on Hawaiian home lands to meet the increasing or unmet demand for housing by eligible native Hawaiian households<sup>1</sup>.

**Objective 1A:** Increase the supply of affordable housing units through on-site and off-site development, to include but not limited to infrastructure, streets, utilities, and engineering, for single-family housing.

**Tasks and Activities:** Provide partial funding for on-site or off-site development improvements for residential DHHL developments statewide.

**Objective 1B:** Increase the supply of affordable housing units through self-help (sweat equity) projects.

**Tasks and Activities:** Provide funding for technical assistance to entities that utilize the self-help construction method to assist at least 20 eligible native Hawaiian households achieve homeownership.

**Objective 1C:** Reduce the price of housing by providing interim construction financing; downpayment assistance and/or principal reduction subsidies; low/no interest rate loans; and matching funds for Individual Development Accounts (IDAs).

**Tasks and Activities:**

- a. Provide funding for subsidies, such as downpayment assistance/principal reduction or matching funds for Individual Development Accounts (IDA), which may be recaptured during the useful life period, for at least 10 eligible native Hawaiian households.
- b. Provide low-interest or no-interest loans to at least 20 eligible native Hawaiian households.
- c. Provide interim construction financing for at least 10 eligible native Hawaiian households.

**Objective 1D:** Increase the supply of affordable housing units by providing funding for energy efficiency for single-family housing which may include solar water heating, photovoltaic panels, and/or other energy efficient features.

**Tasks and Activities:** Provide funding for at least 20 eligible families statewide.

<sup>1</sup> An "eligible native Hawaiian household" is 1) a household that is eligible to reside on Hawaiian home lands and 2) has household income (all working adults) at or below 80% of Area Median Income. All activities in this plan must serve "eligible native Hawaiian households".

**Objective 1E:** Utilizing existing data, work with other divisions to develop rent with option to purchase program.

**Tasks and Activities:**

- a. Identify at least 70 potential vacant lots that could utilize such a program.
- b. Procure one or more contractor(s) to assist with the homestead development.

**Goal No. 2:** Reduce the number of homes, occupied by eligible native Hawaiian households, that are in need of repair or replacement to relieve substandard living conditions, that are in need of renovation to relieve overcrowding, or to provide energy efficient renovations/upgrades.

**Objective:** Increase the number of programs and/or partnerships that provide assistance to eligible native Hawaiian households in the repair or replacement of their homes, to renovate their homes as a means to relieve over crowding, or to provide energy efficient renovations/upgrades.

**Tasks and Activities:**

- a. Provide low-interest or no-interest loans to at least 20 eligible native Hawaiian households to repair/rehabilitate existing housing units to address substandard living conditions, to renovate existing housing units to address over crowding, or to provide energy efficient renovations/upgrades.
- b. Initiate new partnerships and/or encourage the development of programs that target areas or needs that are not currently being served by existing City and County, or other, partnerships/programs.

**Goal No. 3:** Increase alternative energy resources and/or programs that will benefit eligible native Hawaiian households.

**Objective 3A:** Provide funding to eligible entities to implement alternative energy resource programs for eligible native Hawaiian households as a means to reduce housing costs and in alignment with the DHHL energy policy.

**Tasks and Activities:**

- a. Provide funds, to include direct loans and/or grants to eligible beneficiaries, and/or implement a program, to install energy efficient devices to include solar water heating, photovoltaic panels, and/or other energy efficient features for eligible native Hawaiian households.

**Goal No. 4:** Promote and encourage safe and healthy communities on Hawaiian Home Lands.

**Objective:** Support community-based programs that enhance public safety and healthy initiatives through active community involvement.

**Tasks and Activities:**

- a. Assist homestead communities in addressing community safety needs, as warranted by the particular community, and in alignment with allowable activities for the NHHBG.
- b. Assist homestead communities with community policing activities, as warranted by the particular community, and in alignment with allowable activities for the NHHBG.
- c. Promote partnerships with existing providers and the police departments within each county to address public safety needs.
- d. Utilize the existing State Plan, Island Plan and Community Development Plan to coordinate model activities.
- e. Where available, utilize HUD-CDBG census tract determinations for homestead communities to determine NHHBG eligibility (at or below 80% AMI). For those homesteads outside of such identified census tracts, the department will assist in identifying NHHBG-assisted lots, infrastructure, loan products, etc. to calculate the determination.

**Goal No. 5: Increase access to educational or training programs that assist native Hawaiian families.**

**Objective 5A:** Develop, maintain, or improve educational and/or training programs to address financial, home repair, home maintenance, or other eligible needs for eligible native Hawaiian households.

**Tasks and Activities:**

- a. Continue to work with and/or fund eligible entities to provide financial literacy education and counseling, home buyer education, and foreclosure prevention to eligible native Hawaiian households including Undivided Interest Lessees, delinquent lessees, and any beneficiary utilizing NHHBG-funded activities.
- b. Continue to work with and/or fund eligible entities to provide home maintenance and/or self-help home repair training programs to eligible native Hawaiian households.
- c. Provide support or funding for other eligible educational or training programs to eligible native Hawaiian households.

**Goal No. 6: Increase administrative capacity of DHHL to implement and monitor NHHBG programs.**

**Objective 6A:** Comply with both state and federal requirements in the administration of the NHHBG and ensure adequate organizational capabilities to manage the various NHHBG programs, properties, and assets on Hawaiian home lands.

Tasks and Activities:

- a. Ensure that NHHBG programs are adequately staffed.
- b. Work with ONAP staff to ensure appropriate training for DHIL staff and sub-recipients for the administration of NHHBG programs.

Objective 6B: Establish collaborative partnerships to address affordable housing needs.

Tasks and Activities:

- a. Engage local lenders to utilize the 184A guaranteed loan as another lending product.
- b. Work with identified agencies who received settlement monies from the Department of Treasury to assist our eligible beneficiaries.
- c. Continue to attend meetings of the Governor's Hawaii Interagency Council on Homelessness to provide critical input regarding the homeless issue statewide.

**2. STATEMENT OF NEEDS - A statement of the housing needs of the low-income Native Hawaiian families served by the DHHL, and the means by which such needs will be addressed during the period covered by the plan, including a description of:**

- a. **The estimated housing needs and the need for assistance for the low-income Native Hawaiian families to be served by the DHHL, including a description of the manner in which the geographical distribution of assistance is consistent with the geographical needs of those families, and the need for various categories of housing assistance.**

The Hawaiian Homes Commission Act of 1920, as amended, established the Hawaiian Home Lands Trust and defined the population eligible to reside on Hawaiian home lands as those native Hawaiians with at least 50% Hawaiian blood and their successors or assignees of less than 50% Hawaiian blood. With approximately 8,832 leases on homesteads stretching from Hawaii Island unto Kauai, the Department of Hawaiian Home Lands was created to assist the commission meet its fiduciary obligations.

In 2003 and 2008, DHHL contracted with SMS Research & Marketing Services, Inc. (SMS) to update the Beneficiary Needs Survey conducted in 1995. While a new study is being procured for later this year, for the purposes of this plan information will be utilized from the 2008 study which addresses both DHHL beneficiaries and applicants. The native Hawaiian subset for the purpose of this plan is determined as follows:

8,832	Lessees residing on the DHHL lands — as of May 31, 2013 <sup>2</sup>
26,546	Unduplicated waitlist as of June 30, 2012 <sup>3</sup>
32,460	Estimated Potential Applicants based on SMS 2006 respondents <sup>4</sup>
<b>67,838</b>	<b>Total native Hawaiian individuals/households</b>

By applying the SMS 2008 Beneficiary/Applicant Study and the SMS 2006 Applicant Study percentage estimates, we anticipate the following NAHASDA eligible native Hawaiian households as follows:

4,495	Lessees residing on the DHHL Lands – 8,832 x 50.9%
12,317	Applicants – 26,546 x 46.4% (to determine 80% AMI)
17,366	Potential Applicants – 32,460 (SMS 2006 Study) x 53.5%
<b>34,178</b>	<b>Total native Hawaiian households eligible for NAHASDA</b>

If we extrapolate and say that the average DHHL turnkey home is \$350,000, then the sufficient funding amount for NAHASDA would look like this:

12,317	Applicants – 26,546 x 46.4%
17,366	Potential Applicants – 32,460 (SMS 2006 Study) x 53.5%
29,683	x \$350,000 = <b>\$10,389,050,000.00 sufficient funding from NAHASDA</b>

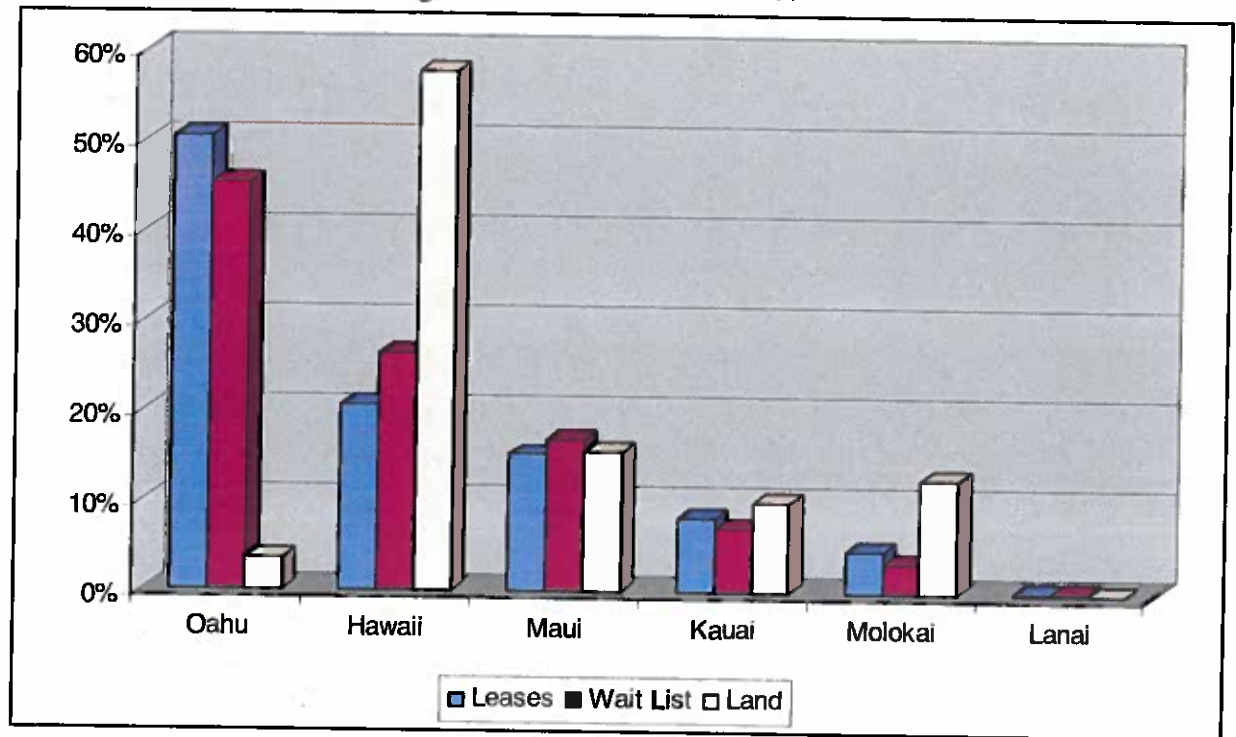
<sup>2</sup> Homestead Services Division, 06/17/13 Commission submittal. Includes lessees residing on residential, agricultural and pastoral lots, one lessee per lease, one house per lease/lot, as applicable. 1,018 Undivided Interest lessees omitted.

<sup>3</sup> DHHL website Application Wait List as of June 30, 2012.

<sup>4</sup> The SMS 2006 Housing Policy Study included a category for native Hawaiians with at least 50% blood quantum and not DHHL lessees or applicants.

## Geographical Distribution

According to the 2000 Census, 73% of the state's population resides on the island of Oahu. Likewise, approximately 63% of all Native Hawaiians<sup>5</sup>, 62% of all DHHL applicants, and 64% of all DHHL potential applicants<sup>6</sup> in the state reside on the island of Oahu. As current figures reflect, 34% of homestead (residential, agriculture & pastoral) applications<sup>7</sup> are for Hawaii Island. Oahu follows at a close second with 31%. The lessee, wait list and actual acreage distribution are as follows:



Island	<u>Residential Leases as of</u> 05/31/13		<u>Residential Wait List as of</u> 05/31/13 <sup>9</sup>		<u>Home Land Acreage as of</u> 2008 Annual Report	
	Number	Percent	Number	Percent	Number	Percent
Oahu	3,938	44.59%	13,169	31%	7,495	3.69%
Hawaii	2,285	25.88%	14,333	34%	117,550	57.84%
Maui	1,110	12.57%	8,629	20%	31,796	15.65%
Kauai	625	7.08%	4,021	10%	20,565	10.12%
Molokai	845	9.57%	1,980	5%	25,769	12.68%
Lanai	29	0.33%	73	<0%	50	0.02%
Total	8,832	100.00%	42,205	100.00%	203,225	100.00%

5 Taken from Aloha Counts by County, Alu Like 2003

6 Taken from SMS 2006 Study

7 Homestead Area & Islandwide Applications Waiting List, 05/31/13.

8 Ibid.

9 Ibid.



The DHHL has prioritized development and awards of new residential leases in recent years based on applicant preferences. It has been successful in developing residential units on Oahu to keep up with the demand including Kanehili, Kumuhau and plans for Kakaina in Waimanalo.

### **Low Income Housing Needs**

The SMS Applicant Study conducted in 2008 revealed that for low-income native Hawaiian households (those making less than 80% of area median income), housing needs are severe with 68% of these households experiencing some kind of housing problem such as affordability, overcrowding, structural quality, availability or some combination of these problems. For very low-income households (those making less than 50% of area median income) the needs are even more severe with nearly 75% of the households in this category facing some kind of housing problem. While housing needs are serious for the native Hawaiian population as a whole, the situation is even more critical for the low- and very low-income native Hawaiian households. The percentage of low-income native Hawaiian households that experience housing problems is more than double the percentage of native Hawaiian households as a whole with housing problems — 68% versus 27%. For very low-income native Hawaiian households, this percentage is almost triple — 75% versus 27%.

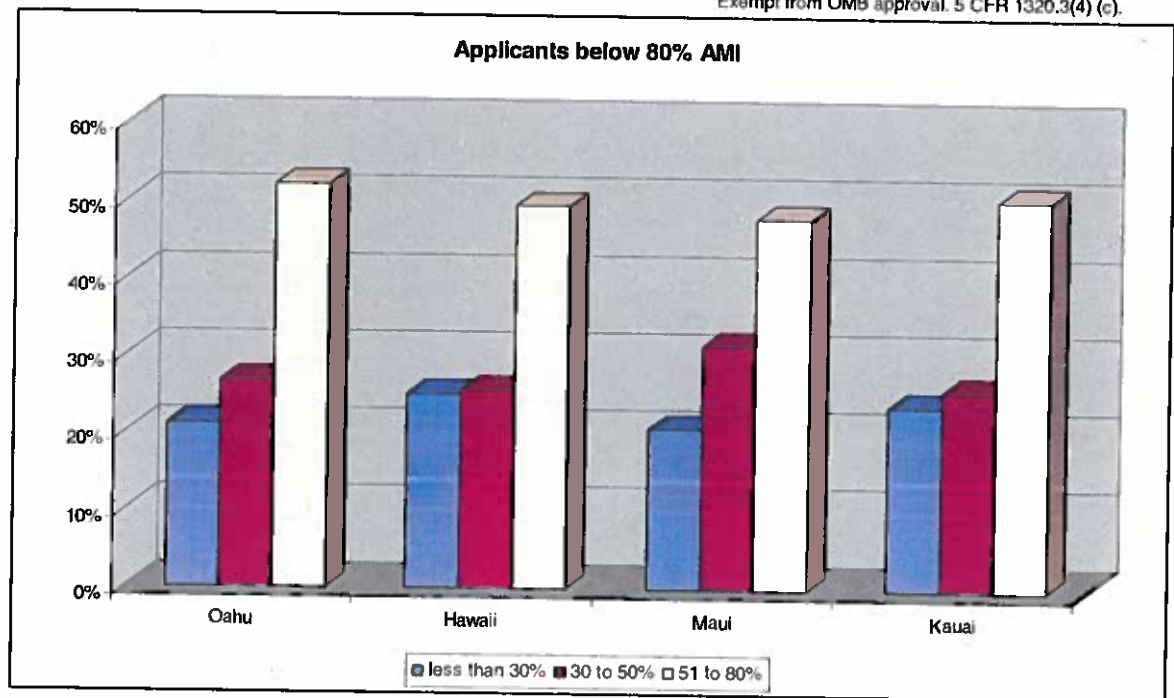
### **Addressing the Needs**

Given these housing needs, the DHHL will focus the use of the NHHBG funds on increasing the supply of affordable housing units and rehabilitate existing units to relieve some of the overcrowding pressures and substandard living environments experienced in many low-income native Hawaiian households. In addition, the DHHL will support healthy and safe communities, empower resident organizations and promote self-sufficiency for native Hawaiian families. Likewise, the DHHL will focus on developing the capacity of resident organizations and partnering entities (i.e. non-profit entities) in order for them to successfully apply for and administer NHHBG funds.

Based on SMS 2008 Applicant Study, at least half (50.8%) of all applicants that are at or below 80% AMI, fall in the 51% - 80% range, just under 30% fall in the 30% - 50% AMI range, and approximately 22% fall in the less than 30% AMI range.

#### **Applicant Data**

<b>Income</b>	<b>Oahu</b>	<b>Hawaii</b>	<b>Maui</b>	<b>Kauai</b>	<b>Total</b>
less than 30%	21.2%	25.0%	20.7%	23.7%	22.0%
30 to 50%	26.7%	25.6%	31.5%	25.8%	27.3%
51 to 80%	52.1%	49.5%	47.8%	50.5%	50.8%
<b>Total 80% and below</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



Recognizing the need to assist beneficiaries to prepare for homeownership, the DHHL is funding a program to prepare native Hawaiians on the waiting list for homeownership and to assist those already residing on Hawaiian home lands that are in financial crisis as of June 30, 2013. The program, modeled after the former Home Ownership Assistance Program, will offer pre-homeownership and foreclosure prevention services (financial literacy counseling and home ownership preparation). Pre-homeownership services will include classes on the Hawaiian Homes Commission Act, Hawaiian genealogy, mortgages, budgeting and saving, and debt management. Case management will be provided for those individuals that require additional follow up and/or ongoing counseling services. For families that are in financial crisis, the new program will provide foreclosure prevention services that include individual case management, budget review and counseling, and credit counseling/debt consolidation assistance, as warranted. Initial targets include the Undivided Interest Lessees and 105 of the most chronic delinquent lessees. In terms of the latter target group, the goal is for these families to re-finance with an external lender within three years of beginning the program.

There are currently 6 undivided interest programs statewide with a total of 1,424 initial awards, in the following areas:

1. Waiohuli - Kula, Maui - 320 leases awarded June 2005.
2. La'i 'Ōpua Villages 4 & 5 - Kealahou, Hawai'i - 300 leases awarded October 2005.
3. Pi'ilani Mai Ke Kai - Anahou, Kauai - 160 leases awarded April 2006.
4. Kumuhau & Kaka'ina Streets - Waimānalo, Oahu - 99 leases awarded July 2006.
5. Kānehili (East Kapolei I) - Kapolei, Oahu - 349 leases awarded October 2006.
6. East Kapolei II - Kapolei, Oahu - 196 leases awarded January 2009.

**b. The estimated housing needs for all Native Hawaiian families to be served by the DHHL.**

In 1995, HUD conducted a study of the housing needs for the native Hawaiian population. This study, entitled Housing Problems and Needs of Native Hawaiians, represents the most comprehensive information on the topic of housing needs for native Hawaiians. The following information is pulled from this source unless noted otherwise. The SMS surveys done in 2003, 2006 and 2008 will be used to update the HUD study where data is available.

**Population**

Although Hawaiian home lands are found only in the State of Hawai'i, Native Hawaiians are found throughout the United States. In 2000, the population of Native Hawaiians, as reported by the U.S. Census, totaled more than 400,000. Approximately 239,655 Native Hawaiians, or almost 60%, reside in the State of Hawai'i.

As stated earlier, for the purposes of this plan, a population of 50,778 is used to represent the native Hawaiian population. This number reflects the number of existing lessee households residing on the DHHL lands as of November 2012, applicants on the DHHL waitlist as of June 30, 2012, and potential applicants based on the SMS 2006 survey data (individuals who indicated that they were 50% or more native Hawaiian and were NOT a DHHL applicant or lessee).

**Age, Education, Size of Households**

According to the 2000 Census, formal education levels are lower for native Hawaiians with only 15% of native Hawaiians on home lands graduating from any level of college compared to 34.3% of the general population in the State. Likewise, nearly 20% of native Hawaiians on home lands do not have high school diplomas as opposed to 15% of the general population of the state.

According to the 2008 SMS Applicant Study, 16.6% of applicants that are below 80% AMI do not have high school diplomas and 47.8% have only a high school diploma. That is, more than half (64.4%) of DHHL applicants that are at or below 80% AMI have a high school diploma or lower. About one fourth (24.6%) of applicants at or below 80% AMI have some college experience and a mere 11% have a bachelors degree or higher (9% with BA, 1% with some post-grad education, and 1% with a Masters or PhD)

The 2000 Census also indicates that native Hawaiians residing on home lands are slightly younger and their families are slightly larger than the larger population in the State. The median age for native Hawaiians is 32 years as opposed to the larger population with a median age of 36 years. Also, about 64% of all lessee households had one or more children present according to the SMS 2006 survey data — 22% of these households had 2 to 3 children and 13% had 4 or more children. In contrast, only 25% of non-native households had children in the home. Based on special tabulations compiled by Alu Like, Inc. in 2003 (using 2000 Census data), the average DHHL native Hawaiian household size was 4.15 as compared to an average household size of 3 for the larger population in the

State of Hawai'i<sup>10</sup>. More recent studies by SMS (Applicant/Beneficiary Study 2008) suggest an average DHHL lessee household size of 4.26 and applicant household size of 4.04<sup>11</sup>.

In addition, native Hawaiian households tend to include more than one family, often multigenerational. The SMS 2006 survey documents that this is particularly true on the home lands where 26.6% of the households include more than one family compared to 6.3% of non-native Hawaiian households in the State. In general, about 20% of all native Hawaiian households include multigenerational family members (19.5% for native Hawaiian households below 80% median income and 18.6% for native Hawaiian households over 80% median income) compared to about 7% for non-native households (6.3% and 7.2% respectively for similar income levels). Lessee households were also more likely to have 8 or more family members (14%) as opposed to applicant households (9%) or non-Hawaiian households (1%).

Furthermore, approximately 22.2% of native Hawaiian households at or below 80% of area median income levels are living in *crowded* conditions<sup>12</sup> vs. 8% of the non-native Hawaiian households at the same income levels. Likewise, 7.6% of native Hawaiian households at or below 80% of area median income levels are living in *severely crowded* conditions<sup>13</sup> vs. 4.4% of the non-native Hawaiian households at the same income levels.

### Tenure and Housing Stock

While homeownership rates in Hawai'i are typically lower than the U.S. as a whole, homeownership rates for native Hawaiians residing in urban Hawai'i are particularly low. Only 38% of native Hawaiians own their home in urban Honolulu, compared to 48% for non-native Hawaiians. This disparity continues in other urban areas of the State where 51% of native Hawaiians own their homes compared to 60% for non-natives.

The tenure rates are dramatically different on Hawaiian home lands where nearly 100% of the units are owner-occupied. However, according to the SMS 2006 study, approximately 44% of all native Hawaiian households in the state were renters as compared to approximately 37% of non-native Hawaiian households. However, of all **applicant** households at or below 80% area median income, approximately 63% were renters. Likewise, of all **potential applicant** households at or below 80% area median income, approximately 57% were renters. This is quite different from those households that were non-native Hawaiian at or below 80% area median income in which approximately half (49%) were renters. In any case, native Hawaiian households, and specifically low-income native Hawaiian households, are more likely to be renters and less likely to own their own homes.

Additionally, native Hawaiians are more likely to reside in older housing units. Approximately 30% of native Hawaiians reside in units built before 1960 compared to 26% of the non-native Hawaiian population in the State. For native Hawaiians residing in urban Honolulu, the difference is even more severe with 45% of native Hawaiians

<sup>10</sup> Alu Like Inc., "Profiles of Homestead Communities within the Hawaiian Home Lands", compiled in 2003

<sup>11</sup> These more recent household size averages were used for the purpose of this plan.

<sup>12</sup> more than 1.01 persons per room

<sup>13</sup> more than 1.59 persons per room

residing in units built before 1960 compared to 29% for non-natives. According to the SMS 2006 survey and with specific regard to the DHHL lessees, approximately 24.4% of native Hawaiian households at or below 80% of area median income levels are residing in homes built prior to 1960 (approximately 510 homes).

In addition, native Hawaiian homeowners are more likely to live in single-family dwellings, 90% of native Hawaiian owners compared to 79% for non-native owners. This preference for single family homes is also true for native Hawaiian renters who tend to live in single-family dwellings at higher rates than non-natives.

### Income

Native Hawaiian households are more likely to be very low-income than non-native Hawaiian households. Owner households on Hawaiian home lands are among the poorest of native Hawaiian households with approximately 25% having income at or below 50% of the area median. Applicant households fair no better with approximately 22% of all applicant households having income at or below 50% of the area median<sup>14</sup>.

Data compiled from the 2008 Beneficiary/Applicant Study<sup>15</sup> indicates that at least half (50.9%) of the households on Hawaiian home lands and just under half (46.4%) of applicant households were at or below 80% Area Median Income (AMI) levels, and data from the 2006 Housing Policy Study indicated that just over half (53.5%) of potential DHHL applicant households (respondents of 50% or more Hawaiian ancestry who were not applicants or lessees at the time of the survey) were at or below 80% of AMI levels.

	<u>Household Income</u>	<u>Honolulu</u>	<u>Hawaii</u>	<u>Kauai</u>	<u>Maul</u>	<u>State</u>
<b><u>Lessees</u></b>	less than 30%	12.2%	9.9%	9.1%	11.5%	10.9%
	30 - 50%	17.6%	18.4%	9.6%	14.2%	15.7%
	51 - 80%	23.7%	23.1%	25.1%	29.2%	24.3%
	Total Below 80% AMI	53.5%	51.4%	43.8%	54.9%	50.9%
	<u>Household Income</u>	<u>Honolulu</u>	<u>Hawaii</u>	<u>Kauai</u>	<u>Maul</u>	<u>State</u>
<b><u>Applicants</u></b>	less than 30%	9.8%	10.8%	10.6%	11.2%	10.2%
	30 - 50%	12.4%	11.0%	16.1%	12.1%	12.6%
	51 - 80%	24.1%	21.4%	24.5%	23.8%	23.6%
	Total Below 80% AMI	46.3%	43.2%	51.2%	47.1%	46.4%

For the DHHL lessee, this is a decrease from the 2006 Housing Policy Study that indicated approximately 69% of lessee households were at or below 80% of AMI in 2006. This could be a result of the increase in new homes that are being built on Hawaiian Home Lands of which only an estimated 20% are occupied by NAHASDA eligible families. For the DHHL applicant, the 46.4% is comparable to the 44.1% reported previously suggesting minimal change in income levels for the applicant population.

<sup>14</sup> Applicant Data does not distinguish between owner vs. renter households.

<sup>15</sup> SMS Special Tabulations run 5/31/2011, Income Data by County and by Status. Percentages consider non-respondent data in calculation method.

According to the SMS 2006 study, approximately 31% of all native Hawaiian households have incomes less than 50% of the area median compared to 24% of non-native Hawaiian households. For those native Hawaiian households that occupy their homes without payment, approximately 89% have incomes less than 80% of the area median compared to 41% of non-native households. Of the households with seniors (62 years of age or older), 75.8% of DHHL lessees, 36.3% of DHHL applicants, and 48.9% of potential applicants were at or below 80% AMI.

Additionally, according to the State Department of Health's, Hawai'i Health Survey 2005, native Hawaiian households are more likely to be "poor" (below poverty levels) or "near poor" (100% to 199% of poverty levels) than non-native households. That is, approximately 9% of native Hawaiian households reside below poverty levels and approximately 19% reside at the near poor levels as compared to approximately 7% and 13% respectively for non-native households.

Likewise, shelter-to-income ratios are much higher for the native Hawaiian household in that approximately 45.5% of all native Hawaiian households at or below 80% of area median income levels pay over 40% of their monthly income toward their shelter costs. As would be expected, this percentage is significantly lower for the DHHL lessee (same income levels) at 12.3% due to the affordable homeownership options available to them. Nonetheless, 43.1% and 48.9% of the DHHL applicant households and potential applicant households pay over 40% of their monthly income toward shelter costs. In contrast, only approximately 36.3% of non-native households at or below the 80% income threshold pay over 40% of their monthly income toward shelter costs.

### 3. **FINANCIAL RESOURCES- An operating budget for the DHHL, including:**

**An identification and a description of the financial resources reasonably available to DHHL to carry out the purposes of the Hawaiian Homelands Homeownership Act of 2000 (HHHA), including an explanation of the manner in which amounts made available will be used to leverage additional resources; and DHHL trust funds will be used to augment all programs for beneficiaries who are not eligible for NAHASDA.**

Operating Budget for NHHBG Programs:	
NHHBG Block Grant (Title VIII) Program	\$12,035,714.00
Program Income (Projected to 6/30/14)	\$432,000.00
<b>Total Available</b>	<b>\$12,467,714.00</b>
Development/Infrastructure	\$3,000,000.00
Loan Programs	\$1,899,172.00
Grants/Subsidies	\$2,000,000.00
Housing Services	\$1,000,000.00
Crime Prevention & Safety	\$75,000.00
Model Activities	\$2,000,000.00
Administration & Planning	\$2,493,542.00
<b>Total Available</b>	<b>\$12,467,714.00</b>

The following programs are utilized on Hawaiian home lands: private sector lending for interim construction and permanent mortgage financing; FHA Section 247 insured loans; Section 184A; Veterans Affairs direct loans; Rural Development (U.S. Department of Agriculture) programs; Community Development Block Grant funding; Habitat for Humanity; and other State, local and non-profit resources. DHHL continues to actively seek opportunities to leverage NAHASDA funding with other Federal, State, County and private resources either through expanding programs that currently operate on Hawaiian home lands or by seeking new opportunities with different funding partners.

There are currently three approved lenders for the Section 184A loan program: Home Street Bank, Bank of Hawai'i and Bank2 (refinance of existing portfolio only).

**The uses to which such resources will be committed, including eligible and required affordable housing activities, and administrative expenses.**

**NHHBG Block Grant (Title VIII) Program:**

		<u>Goal Number</u>
Development/Infrastructure	\$3,000,000.00	Goal Number 1
Loan Programs	\$1,899,172.00	Goal Number 1, 2 & 3
Grants/Subsidies	\$2,000,000.00	Goal Number 1, 2, & 3
Housing Services	\$1,000,000.00	Goal Number 3, 4 & 5
Crime Prevention & Safety	\$75,000.00	Goal Number 4
Model Activities	\$2,000,000.00	Goal Number 4
<u>Administration and Planning</u>	<u>\$2,493,542.00</u>	<u>Goal Number 6</u>
Total Available	\$12,467,714.00	

**4. AFFORDABLE HOUSING RESOURCES - A statement of the affordable housing resources currently available at the time of the submittal of the plan and to be made available during the period covered by the plan, including a description of:**

- a. **The Significant Characteristics of the Housing Market in the State of Hawai'i, including the availability of housing from other public sources and private market housing; and the manner in which the characteristics influence the decision of the DHHL to use grant amounts to be provided under this Act for rental assistance, the production of new units, the acquisition of existing units, or the rehabilitation of units;**

**High Cost of Housing**

Wages remain relatively low in Hawai'i making housing affordability a major issue for residents of the state. Because wages remain low, families living in Hawai'i often work more than one job to make ends meet. The SMS Study of 2006 indicated that 44% of all households in the state were at or below 80% of median income. According to the same report, even families with household incomes between 120% and 140% of median income in Hawai'i require affordable housing units given the high costs of housing.

Almost one fourth (22.7%) of all Hawai'i residents pay over 40% of their monthly household income toward their shelter costs and approximately one third (34%) pay over 30% of their monthly household income toward their shelter costs. However, when



examined closer it is clear that those households with income levels below 80% of the area median income are more likely to be paying over 30% of their household income toward shelter costs. More specifically, for all households in the state that are at or below 80% of area median income levels, about half (52.22%) pay over 30% of their monthly income toward shelter costs and approximately 38.33% pay over 40% of their monthly income toward shelter costs. As stated previously, shelter to income ratios are higher for native Hawaiian households in that 45.5% pay over 40% of their monthly household income toward their shelter costs whereas only 36.6% of non-native households pay over 40% of their monthly household income toward shelter costs.

The National Low Income Housing Coalition, in its "Out of Reach 2007 – 2008" report, named Hawai'i as the most expensive state as ranked by the "two-bedroom housing wage rate", the wage required (\$29.02) in order for a two-bedroom unit to be affordable (30% or less of income). Additionally, it would require several wage earners at either the \$7.25 (state minimum wage) or the \$12.42 (average wage of a renter) in order to keep rental costs "affordable" (30% of income). Hawaii's state minimum wage has not increased since 2007 with the federal government reaching that wage rate in 2009.

#### Minimum Wage

<u>Date</u>	<u>State</u>	<u>Federal</u>
9/1/1997		\$5.15
1/1/2002	\$5.75	
1/1/2003	\$6.25	
1/1/2006	\$6.75	
1/1/2007	\$7.25	
7/24/2007		\$5.85
7/24/2008		\$6.55
7/24/2009		\$7.25

The following table is based on the Fair Market Rent for a two bedroom apartment and the wage required to maintain that level of rent and utilities without paying more than 30% of income on housing in Hawai'i. It should be noted that the number of hours required at both the "minimum wage" and the "average wage" assumes that earners work a 40 hour work week for 52 weeks per year.

	<u>Fair Market</u>	<u>Wages Required for Affordability</u>			<u>Minimum Wage</u>		<u>Average Wage</u>	
	<u>2 bed room</u>	<u>Annual</u>	<u>Monthly</u>	<u>Hourly</u>	<u># of Hours</u>	<u># of Earners</u>	<u># of Hours</u>	<u># of Earners</u>
State	\$1,509.00	\$60,355.00	\$5,029.58	<b>\$29.02</b>	160	4	93	2.3
Hawai'i	\$998.00	\$39,920.00	\$3,326.67	\$19.19	106	2.6	71	1.8
Maui	\$1,316.00	\$52,640.00	\$4,386.67	\$25.31	140	3.5	80	2
Oahu	\$1,630.00	\$65,200.00	\$5,433.33	\$31.35	173	4.3	98	2.5
Kauai	\$1,183.00	\$47,320.00	\$3,943.33	\$22.75	126	3.1	83	2.1



According to Universal Living Wage<sup>16</sup>, the 2010 fair market rent for a 2 bedroom for Honolulu has increased as noted below, and as compared to the 2008 data provided above.

METROPOLITAN FMR AREAS	LIVING WAGE (\$/hour)		FAIR MARKET RENT (\$/month)				
	0 BR	1 BR	0 BR	1 BR	2 BR	3 BR	4 BR
Honolulu, HI MSA	\$22.90	\$26.87	\$1,191.00	\$1,397.00	<b>\$1,704.00</b>	\$2,473.00	\$2,767.00

NONMETROPOLITAN COUNTIES	LIVING WAGE (\$/hour)		FAIR MARKET RENT (\$/month)				
	0 BR	1 BR	0 BR	1 BR	2 BR	3 BR	4 BR
Hawaii County, HI	\$15.73	\$18.88	\$ 818.00	\$ 982.00	<b>\$1,102.00</b>	\$1,554.00	\$1,703.00
Kalawao County, HI	\$18.88	\$21.77	\$ 982.00	\$1,132.00	<b>\$1,330.00</b>	\$1,681.00	\$1,914.00
Kauai County, HI	\$18.13	\$20.42	\$ 943.00	\$1,062.00	<b>\$1,399.00</b>	\$1,756.00	\$1,911.00
Maui County, HI	\$23.21	\$25.71	\$1,207.00	\$1,337.00	<b>\$1,555.00</b>	\$2,081.00	\$2,228.00

#### Influence of Housing Market Characteristics

To offset the relatively high cost of housing (purchase or rental) in Hawai'i, the DHHL strives to provide housing at affordable prices. This situation has caused DHHL to put additional effort into alternative house construction methods (interim construction financing, Habitat, Modified-Self Help, etc.) to help reduce the housing costs to beneficiaries.

Area	DHHL Min	DHHL Max	DHHL Average	Market <sup>17</sup>	Percent Less
Oahu	\$197,500	\$360,000	\$278,750	\$592,750	53%
Maui	\$250,000	\$350,000	\$300,000	\$460,000	35%
Moloka'i	\$120,000	\$250,000	\$185,000	\$450,000	59%
Lana'i	\$140,000	\$310,000	\$225,000	\$268,000	16%
Hawai'i	\$145,000	\$325,000	\$235,000	\$255,000	8%
Kauai	\$150,000	\$270,000	\$210,000	\$475,000	56%
Statewide <sup>18</sup>	\$167,083	\$310,833	\$238,958	\$416,792	43%

The DHHL will continue to focus the use of NHHBG funds on the development of additional affordable units to provide homeownership opportunities for eligible native Hawaiian families, to rehabilitate existing housing units for eligible native Hawaiian families, and to relieve overcrowding in eligible native Hawaiian households. In many cases, families that purchasing a home on Hawaiian home lands will be paying less in monthly mortgage payments than they currently pay for rent. In addition, by providing affordable housing units on Hawaiian home lands for eligible native Hawaiian families,

<sup>16</sup> [www.universallivingwage.org](http://www.universallivingwage.org)

<sup>17</sup> Market rates reflected for 2010

<sup>18</sup> Statewide estimates are based on average amounts per each column

other public sector housing units currently housing these families will be freed up for non-native families.

Currently, DHHL strives to offer a more affordable homeownership option to potential DHHL applicants than what the current market offers. However, as home prices drop (resale of existing single family homes in the private sector/fee simple market) and the cost of building new homes increases for DHHL, the challenge for DHHL will be to continue to find affordable alternatives for our most needy families (30% - 50% below AMI). Current homeownership opportunities are available as owner-builder (vacant lot), turn key (developer built), or self-help units. Generally speaking, families between 50% AMI and 80% AMI, with good credit and steady income/repayment ability, will typically qualify for DHHL turn key products and families between 30% AMI and 50% AMI will typically qualify for DHHL self help products<sup>19</sup>. The DHHL will continue to offer NHHBG down payment assistance to eligible households in order to assist families with their home purchase in addition to creative financing products that will lower/defer principal and/or purchase for an identified period.

#### Composition of DHHL Applicants

The following data is based on the SMS 2008 Beneficiary/Applicant Study:

- Approximately 46.4% of all Applicants (42,428) are at or below 80% AMI - or an estimated 19,517 households.
- Of the 19,517 households, approximately 49.2% are currently renters - or an estimated 9,563 - all of whom are spread across the state. This data understates the actual amount of need due to the "marginally housed" individuals, families or individuals that are doubled up within, or on the outskirts of, the homes of other households/family members.
- Only a mere 4.4% of applicants below 80% AMI are interested in purchasing a townhome or condominium - approximately 1,697 individuals across the state.
- Approximately 67.1% of applicants below 80% AMI would prefer a turn-key single family home offered by DHHL vs. vacant lot with infrastructure improvements (16.8%), a townhome (2.5%), a condominium (1.9%), undivided interest (2.9%), or an apartment for seniors (2.1%)<sup>20</sup>.
- Approximately 59.8% of applicants below 80% AMI currently reside in single family detached homes,<sup>21</sup> which may be why applicants, in general, prefer single family homes over apartments and condos, as offered by DHHL.
- At least three fourths (76.2%) of Applicants below 80% AMI indicate that they could not afford to qualify for their last offer; herein lies the disconnect between what people want and what people can afford. Also interesting to note that this data contradicts the "location" data above.

In summary, DHHL applicants that are NHHBG eligible are most interested in turn key single family homes however, there is insufficient data to assess the actual ability of these families to afford a turn key single family home based on their current financial situation and it is likely that what ever decision they make regarding a lease award on HHL, location is an important factor.

<sup>19</sup> Please note that even though these families may "typically" be qualified to purchase the products referenced, the current economic climate that the state is facing is making it difficult to find qualified buyers for all products.

<sup>20</sup> All options were "ownership" vs. "rental"

<sup>21</sup> Distinction between rental single family home vs owned single family home not available.

- b. **The Structure, Coordination, and Means of Cooperation between the DHHL and any other governmental entities in the development, submission, or implementation of the housing plan, including a description of the involvement of private, public, and nonprofit organizations and institutions; the use of loan guarantees under section 184A of the Housing and Community Development Act of 1992; and other housing assistance provided by the United States, including loans, grants, and mortgage insurance;**

Due to time constraints, an informational survey was mailed to the members of the leadership groups that represent the Hawaiian homesteads and the organization representing applicants on the waitlist. As of this writing, no responses were received. However, extensive beneficiary consultation occurred during the development of the Island and Regional Plans (Oahu is ongoing) and information regarding community priorities was extracted from those plans to align with the goals and objectives in this plan.

It should also be noted that since the community organizations are grassroots based and operated strictly on a volunteer basis, compliance by the community organizations who have received NHHBG funding have deterred some organizations from applying. As a result, the DHHL intends to provide a more stream-lined application process in an effort to provide grant maintenance and monitoring to these community based agencies.

At present, the DHHL is focused on its 93 year-old mission to provide homesteads for eligible applicants. It is exploring the feasibility of rent with option to purchase program which would enable a family to prepare for home ownership while the department leverages available tax credits for construction. DHHL will concentrate on keeping homes affordable for native Hawaiian ownership and utilizing the NHHBG to provide homeownership education, counseling, down payment assistance grants, rehabilitation and/or replacement homes, low-interest/no-interest loans, and IDAs, to provide opportunities for eligible families to have affordable monthly mortgage payments.

A draft copy of the 2013 NHHP was sent to the Housing Directors in the State, listed below:

- Hawai'i's local HUD office
- United States, Department of Agriculture, Rural Development (RD)
- Hawai'i Housing Finance and Development Corporation of Hawai'i (HHFDC)
- Counties of Hawai'i, Kauai, Maui and City and County of Honolulu
- Office of Hawaiian Affairs (OHA)

A draft copy of the 2013 NHHP was also sent to the Hawaiian Service Institutions and Agencies (HSIA). Members of the organization are:

- Queen Liliuokalani Children's Center – A private, non-profit social service organization for Hawaiian orphan and destitute children;
- Lunalilo Home – A trust that strives to respect each resident's dignity, while providing them a high quality of elderly care services in a loving, family home environment;
- Queen Emma Foundation – A non-profit organization whose mission is to support and advance health care in Hawai'i, primarily through The Queen's Medical Center;
- ALU LIKE, Inc. – A private, non-profit, community-based multi-service organization serving Native Hawaiians in their efforts to achieve social and economic self-sufficiency;
- Kamehameha Schools – A trust that exists to carry out in perpetuity the wishes of Princess Bernice Pauahi Bishop to educate children and youth of Hawaiian ancestry;
- Office of Hawaiian Affairs (OHA) – A trust whose mission it is to protect Hawai'i's people and environmental resources and OHA's assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally;
- Bishop Museum – The state's premiere museum on natural and cultural history; its mission is to record, preserve and tell the stories of Hawai'i and the Pacific; and;
- Papa Ola Lōkahi—A non-profit organization formed to address the health care needs of the Native Hawaiian people.

Additionally, a draft copy was posted on the DHHL website for the public to view and comment. There were five comments received in all: one from the housing director of Hawaii County; one from the executive director of the Queen Liliuokalani Children's Center; one from the Senior Planner at Kamehameha Schools; and two from community members.

#### Section 184A Loan Guarantee Program

The Section 184A Loan Guarantee Program, which is similar to the Section 184 Loan Guarantee Program giving Native Americans access to private mortgage financing by providing loan guarantees to lenders, was implemented in 2007. Currently, Home Street Bank and Bank of Hawai'i are approved lenders for the Section 184 A loan program.

#### Other Federal Housing Assistance

DHHL has been utilizing the FHA 247 loan program since 1987. Almost \$390 million in mortgage loans are outstanding through the FHA 247 loan program to lessees on Hawaiian home lands. Also available is the FHA 203K program for rehabilitation of homes. The Veterans Affairs direct loan, Rural Development (U.S. Department of Agriculture) loan programs, Federal Home Loan Bank (Seattle) Affordable Housing Program grants and low-income housing tax credits are other financing options and tools utilized on Hawaiian home lands.

In addition to these federal loan products, the DHHL has entered into agreements with Hawai'i banks for conventional loan products on Hawaiian Home Lands.

c. **The Manner in Which Plan Meets Needs section in paragraph 2 above.**

The proposed activities include new construction to increase the supply of affordable housing; housing rehabilitation, repair, or renovation to alleviate substandard conditions, overcrowding and/or address energy efficient technology; homeownership counseling and education programs that accommodate a wide spectrum of income levels, credit worthiness, mortgage readiness, and home repair and maintenance needs; grant and loan programs to ensure that mortgage closing costs are manageable, that down payment needs and requirements are met, and that principal reduction for new construction or replacement homes result in affordable monthly payments to participating families.

d. **Any Existing and Anticipated Homeownership Programs and rental programs to be carried out during the period, and the requirements and assistance available under such programs.**

Existing and Anticipated Housing Assistance

DHHL's mission is to manage the Hawaiian Home Lands trust effectively and to develop and deliver lands to native Hawaiians. This is accomplished through the construction of off-site and on-site improvements to enable the development of residential, agricultural and pastoral lots for homesteading. The existing and anticipated housing assistance includes, but is not limited to:

- Self-help construction of homes, usually in partnership with Habitat for Humanity and their affiliates. This method requires the participating family to partner with the Habitat affiliate and make a commitment of up to 700 hours, depending on the affiliate, of sweat-equity. The majority of the labor is provided by volunteers. This method allows families that are between 30% and 50% of the AMI, with good credit, to qualify for a new home. The average house price is approximately \$180,000.
- Turn key homes that are subsidized with down payment grants in partnership with USDA Rural Development. This method allows families that are earning between 50% and 80% of the Area Median Income level, with good credit, to qualify for a new developer built home. The average house price is approximately \$350,000.
- Grants to private non-profit and for-profit entities for the development of community based programs (IDA's, financial literacy/counseling, self help home repair, etc.) that are designed to assist low income native Hawaiian households achieve and maintain homeownership.
- Programs to assist existing lessees with early intervention and/or preventative measures such as budgeting, counseling, or temporary mortgage assistance to avoid foreclosure and to keep eligible beneficiaries in their homes.

Additionally, the DHHL will continue to pursue housing that is consistent with the native Hawaiian preference for single-family dwellings and continue to enter into development agreements with developers to build large subdivisions. Based on the percentage of NHHBG funds utilized in the cost of the projects, a corresponding percentage of lots will be reserved for low-income families. In addition, funds may be set aside for down payment assistance, subsidies and/or low-interest or no-interest loans to assist families in

achieving their goal of homeownership.

To ensure that families receiving this assistance do not experience windfalls as a result of this assistance, lease amendments are required to document the affordability (retention) period. In the event the lessee terminates the lease, transfers the lease or refinances the loan for an amount greater than the original loan amount for reasons other than capital improvement to the property, a portion of the grant must be repaid if the new lessee is not income eligible at the time of the transaction or if there are net proceeds from the sale.

#### Existing Rental Projects

There are two existing rental projects in DHHL's inventory. One is an elderly rental project called Kūlanakauhale Maluhia O Nā Kūpuna in Waimānalo, Oahu, consisting of 84 one-bedroom, one-bath units. The project utilized low-income housing tax credits was developed by Pacific Housing Assistance Corporation and is managed by Prudential Locations. Rent is set at the HUD guideline of 30% of household income and the DHHL provides additional subsidies, and priority, for elderly native Hawaiians that are homeless or at-risk of homelessness. This project is designed for independent living. No NHHBG funds were used in this project.

The other rental project is a 70 unit Rent-to-Own project called Ho'olimalima in Kapolei, Oahu. The project was developed in 2001 using Low Income Housing Tax Credits and is managed by Mark Development, Inc. This project targets families with total household income at or below 60% of Area Median Income (AMI). Twenty Eight (28) units were set aside for families below 60% AMI and 42 units were set aside for families below 50% AMI. It is a single-family housing project in which families only pay 30% of their household income in rent for 15 years. At the end of the 15<sup>th</sup> year, existing tenants have the opportunity to purchase the home at a reduced price (estimated at approximately \$70,000). The project is in its 12<sup>th</sup> rental year and homes are expected to be conveyed to eligible participants in 2016. No NHHBG funds were used in this project.

- e. **Any Existing and Anticipated Housing Rehabilitation Programs necessary to ensure the long-term viability of the housing to be carried out during the period covered by the plan, and the requirements and assistance available under such programs.**

#### Existing and Anticipated Housing Rehabilitation Programs

Currently, DHHL provides direct loans for rehabilitation of homes. These loans have a maximum threshold of \$100,000 and are fixed at 0-6% per annum. Although direct DHHL repair loans are available, these loans are usually utilized on re-awards that are in need of repairs and DHHL is seen as a "lender of last resort" in that applicants must be denied outside lending opportunities in order to be eligible. At this time, no new applicants are being considered until the 25+ families inherited from the C&C of Honolulu have been serviced.

The NHHBG repair program was originally established as a loan program with a loan threshold of \$50,000 and interest rates between zero percent (0%) and three percent (3%). Lessees that were elderly (62+) and at or below 50% AMI were provided zero percent

(0%) no payment loans that were forgiven at the end of the retention period (comparable to a grant). Repayment was required for all other program participants. Since many of the homes were in such disrepair, and due to the increased costs resulting from Davis Bacon requirements, the original funding threshold of \$50,000 was often insufficient.

The DHHL anticipates the continuation of these programs and the creation of new programs to address the repair and replacement needs of homes, especially homes in the older Hawaiian home land communities. Those new programs will consider the genealogy of the homesteads in the awarding of repair/replacement homes in the community.

- f. **All Other Existing or Anticipated Housing Assistance provided by the DHHL during the period, including transitional housing, homeless housing, college housing, and supportive housing services; and the requirements and assistance available under such programs.**

The DHHL provides supportive housing services through its Native Hawaiian Development (NHD) Program, which is funded by the DHHL Native Hawaiian Rehabilitation Fund (NHRF). These grants are available to assist homestead communities develop community-based projects that result in education, job preparation and training, recreational activities, health services, farming assistance or legal assistance. Program services are designed to help beneficiary organizations achieve community driven goals and to build organizational capacity at the community level. Additionally, opportunities are provided for individuals to obtain the knowledge and skills necessary to help their organization become self-sufficient.

- g. **Any Housing to be Demolished or Disposed of; a timetable for such demolition or disposition; and any other information required by the Secretary with respect to such demolition or disposition.**

There are no 1937 Act housing on Hawaiian home lands. Other than the two rental projects identified above, all homes are owned by the occupants. The DHHL does not anticipate demolishing any units funded by the NHHBG.

- h. **Coordination with Welfare Agencies in the State of Hawai'i to ensure that residents of the affordable housing will be provided with access to resources to assist in obtaining employment and achieving self-sufficiency.**

The State of Hawai'i Department of Human Services (DHS) administers individual and family financial assistance programs that provide cash payments to help individuals and families meet their basic needs. The programs include Temporary Assistance to Needy Families (TANF), Temporary Assistance to Other Needy Families (TAONF), General Assistance (GA), Aid to the Aged, Blind and Disabled (AABD) and the Food Stamps program. Medical assistance is provided through the Hawai'i QUEST and Medicaid fee-for-services programs. Vocational rehabilitation services are provided to persons with disabilities. Whenever the DHHL staff is made aware of a lessee in need, the families are referred to DHS or to an appropriate non-profit service provider.

- i. **The requirements established by the DHHL to promote the Safety of Residents of the affordable housing; facilitate the undertaking of crime prevention measures; allow resident input and involvement, including the establishment of resident organizations; and allow for the coordination of crime prevention activities between the DHHL and local law enforcement officials.**

The DHHL continues to coordinate efforts with the Police Narcotics Division, the Sheriff's Office and the Attorney General's Office—Investigative Division to do surveillance and to evict the offending occupants whenever there is evidence of drug problems or other crimes in the homestead areas. If investigation results in a conviction, the lessee is taken to a contested case hearing for lease cancellation.

Community meetings are held monthly across the state and in coordination with the Hawaiian Homes Commission meetings. This provides the members of the community to be informed and to provide to voice their concerns to the Commission.

- j. **The entities that will carry out the activities under the plan, including the Organizational Capacity and key personnel of the entities.**

The DHHL was created by the State Legislature in 1960 to administer the Hawaiian home lands program and manage the Hawaiian home lands trust. The DHHL is one of eighteen principal agencies of the Executive Branch of the State of Hawai'i.

The DHHL serves native Hawaiians or individuals of at least 50% Hawaiian blood, as defined by the Hawaiian Homes Commission Act of 1920, as amended, and their successors and assigns. These native Hawaiians are the beneficiaries of the Hawaiian home lands trust consisting of a land trust of over 200,000 acres, settlement monies from the State for the mismanagement of trust lands, funds received from the State general fund for a portion of its operating costs, and revenues and earnings from the land leasing program.

The DHHL is governed by a nine-member board of commissioners headed by the Chairman, who also serves as the executive officer of the DHHL. The Governor of the State of Hawai'i appoints each commissioner and Chairman to a four-year term. The terms of the commissioners are staggered.

Currently, there are 99 full time employees in DHHL with six offices statewide. DHHL's main administrative office is located in Kapolei, Oahu and the five (5) district offices are located on neighbor islands. There are two (2) district offices on the Big Island, one in Hilo (East Hawai'i) and one in Waimea (West Hawai'i), Hawai'i; one (1) district office in Lihue, Kauai; one (1) district office in Wailuku, Maui; and one (1) district office in Kalama'ula, Moloka'i. DHHL is organized into five offices and three divisions under the Hawaiian Homes Commission and Office of the Chairman. The various offices and divisions are described as follows:



Office of the Chairman (OCH) — 20 staff members

The Office of the Chairman consists of the Chairman of the Hawaiian Homes Commission, who is also the Director of Department of Hawaiian Home Lands; the NAHASDA Manager, NAHASDA Program Specialist; and other administrative and support staff. The Enforcement and Compliance Office also fall within the OCH.

Administrative Services Office (ASO) – 7 staff members

The Administrative Services Office provides DHHL staff support in the areas of personnel, budgeting, program evaluation, information and communication systems, risk management, facilities management, clerical services and other administrative services. This office also provides support services in preparation of legislative proposals and testimonies, coordinates the preparation of reports to the legislature and facilitates the rule-making process.

Fiscal Office (FO) – 14 staff members

The Fiscal Office provides accounting support for DHHL. One accountant is dedicated to the NHHBG.

Planning Office (PO) - 5 staff members

The Planning Office conducts research and planning studies required in the development of policies, programs, and projects to benefit native Hawaiians. The PO coordinates and develops the Regional Plans, administers the Native Hawaiian Development Program, provides capacity building training for homestead organizations, and provides community based grants for the implementation of Regional priority projects, community based economic development, and membership development.

Information and Community Relations Office (ICRO) – 3 staff members

The Information and Community Relations Office disseminates information to the public on Department issues, oversees community relations with the various homestead communities and coordinates DHHL's ceremonies. They also publish DHHL's annual reports to the State Legislature.

Homestead Services Division (HSD) – 32 staff members

HSD is composed of three branches: 1) Homestead Applications, 2) District Operations, 3) Loan Services—one staff person is dedicated to loan applicants that are NHHBG eligible, and 4) Housing Project—awards leases. HSD is the largest division in DHHL, has staff on all islands, and services more than 20,000 applicants and 7,000 lessees on five islands. Also included are the NAHASDA Mortgage Loan Specialist and NAHASDA Mortgage Loan Assistant.

Land Management Division (LMD) – 9 staff members

LMD is responsible for managing Hawaiian home lands that are not used for homestead purposes. Unencumbered lands are managed and disposed of for long and short term uses in order to generate revenues and keep the lands productive while minimizing the occurrence of vegetative overgrowth, squatting or illegal dumping. LMD is responsible for properly managing the lands in DHHL's inventory.

Land Development Division (LDD) – 9 staff members

LDD is charged with the responsibility of developing trust lands for homesteading and income-producing purposes. This is accomplished through the development of properties for residential, agricultural, pastoral, and economic development uses. LDD has two operating branches: 1) Design and Construction – concentrating on the design and construction of off-site and on-site improvements for the various subdivisions; and 2) Master-Planned Community – expediting the construction of housing options through partnerships with private sector and exploring other housing opportunities.

The following is a listing of the key personnel responsible for the implementation of DHHL and NAHASDA assisted programs:

Hawaiian Homes Commission (HHC)

Jobie M.K. Masagatani, Chairman  
 Leimana DaMate, West Hawaii Commissioner  
 Ian B. Lee Loy, East Hawaii Commissioner  
 Perry O. Artates, Maui Commissioner  
 Gene Ross Davis, Molokai Commissioner  
 J. "Kama" Hopkins, Oahu Commissioner  
 Michael P. Kahikina, Oahu Commissioner  
 Renwick Tassill, Oahu Commissioner  
 Vacant, Kauai Commissioner

Department of Hawaiian Home Lands

Jobie M. K. Masagatani, Director  
 Darrell Young, Deputy to the HHC Chairman  
 Derek Kimura, HHL Executive Assistant  
 Kamana'o Mills, Special Assistant  
 Rodney Lau, Administrative Services Officer  
 James Pao, Fiscal Management Officer  
 Warren Kasashima, HHL Accountant III (NAHASDA)  
 Darrell Yagodich, Planning Program Manager  
 Francis Apoliona, HHL Compliance and Community Relations Officer  
 Niniau Simmons, Manager (NAHASDA)  
 Trisha Paul, Program Specialist (NAHASDA)  
 Dawnelle Forsythe, Compliance Specialist (NAHASDA)  
 Juan Garcia, Homestead Services District Supervisor III  
 Louis Hao, East Hawaii Homestead District Supervisor  
 James Du Pont, West Hawaii Homestead District Supervisor II  
 Halealoha Ayau, Molokai Homestead District Supervisor II  
 Isaac Takahashi, Homestead Housing Specialist VI  
 Dean Oshiro, Housing Services Division Administrator  
 Sharon Mendoza, HHL Mortgage Loan Specialist (NAHASDA)  
 Michele Hitzeman, HHL Mortgage Loan Assistant (NAHASDA)  
 Linda Chinn, Land Management Division Administrator  
 Sandra S. Pfund, Land Development Division Administrator

# TABLE 1

## STATEMENT OF NEEDS

### PART I: PROFILE FOR NATIVE HAWAIIAN AREA

DEPARTMENT OF HAWAIIAN HOMELANDS (DHHL)

Grant Number \_\_\_\_\_  
 Federal Fiscal Year 2013  
 DHHL Program Year July 1, 2013 to June 30, 2014  
 Housing Area Hawaiian Home Lands

PART I: PROFILE FOR NATIVE HAWAIIAN HOUSING AREA						
	On Hawaiian Home Lands		Applicants		Potential Applicants	
	All Income Levels	Low-Income	All Income Levels	Low-Income	All Income Levels	Low-Income
column a	column b	Column c	column d	column e	column f	column g
1. Total Native Hawaiian Population (nH x average household size)	37,624	19,148	107,245	49,760	131,138	70,159
2. Number of native Hawaiian Families	8,832	4,495	26,546	12,317	32,460	17,366
3. Number of Elderly native Hawaiian Families	2,688	1,530	11,611	5,355	10,459	5,595
4. Number of Near-Elderly native Hawaiian Families	NA	NA	NA	NA	NA	NA
5. Number of native Hawaiian Families Living in Substandard Housing (2%)	197	100	528	245	649	347
6. Number of native Hawaiian Families Living in Over-Crowded Conditions	3,497	1,973	5,866	4,027	3,895	2,900
<p><b>NOTE:</b> This table counts all household members as the Native Hawaiian population by multiplying average household size of 4.26 for lessees and 4.04 for applicants and potential applicants by the nH population which consists only of individuals with 50% blood quantum. Based on SMS 2008 survey data: 50.9% (8,832 x .509 = 4,495) of total lessees, 46.4% (26,546 x .464 = 12,317) of applicants, and 53.5% (32,460 x .535 = 17,366) of potential applicants are estimated to be at or below 80% AMI; 30.44% (8,832 x .3044 = 2,688) of lessees, 43.74% (26,546 x .4374 = 11,611) of applicants, and 32.22% (32,460 x .3222 = 10,459) of potential applicants are estimated to be "elderly"; 43.9% of lessees (4,495 x .439 = 1,973), 32.7% of applicants (12,317 x .327 = 4,027), and 16.7% of potential applicants (17,366 x .167 = 2,900) that are below 80% are estimated to be living in over crowded conditions; and 39.6% of all lessees (8,832 x .396 = 3,497), 22.1% of applicants (26,546 x .221 = 5,866) and 12% of potential applicants (32,460 x .12 = 3,895) are estimated to be living in over crowded conditions.</p>						

**PART II: CURRENT STATUS AND FUTURE NEEDS**

Type of Housing		Existing Housing	Unmet Needs for All native Hawaiian Families	Unmet Needs for Low-Income native Hawaiian Families
column a		column b	column c	column d
7. Rental Housing	a. Number of Units	155	3,798	1,231
	b. Number of Units Needing Rehabilitation	0		
8. Homeowner Housing	a. Number of Units	8,832	23,891	12,317
	b. Number of Units Needing Rehabilitation	1,737	1,737	1,096
9. Supportive Service Housing (# of units)		0	NA	NA
10. College Housing (# of units)		0	NA	NA
11. Transitional Housing (# of units)		0	NA	NA
12. Homeless Housing (# of beds)		0	NA	NA

**Data Source:**

7a.(column b) Waimanalo Kupuna Project (85 units) + Maluohai Rent to Own (70)

7a.(column c) DHHL waiting list has 42,205 individuals as of 05/31/13; subtracting 10% for married couples who both have applications, DHHL estimates that 10.2% (households below 30% AMI) may require rental housing  $[(42,205 - 4,220) \times 10\%] = 3,798$

7a.(column d) SMS 2008 Survey – 46.4% of native Hawaiian applicant households are at 80% or below median  $(2,654 \times 46.4\% = 1,231)$

8a. (column b) 8,832 households on DHHL lands as of 05/31/13. Does not include rental units.

8a. (column c) Unduplicated DHHL waiting list as of 05/31/13 (26,546) less 10% for married couples who both have applications.

8a. (column d) SMS 2008 Survey – 46.4% of native Hawaiians applicants are at 80% or below median  $(26,546 \times 46.4\% = 12,317)$ .

8b. (column b) It is estimated that all housing units built prior to 1960 are in need of repair. SMS 2006 Survey estimates that 24.4% of all lessees below 80% median income have homes that were built prior to 1960  $(4,495 \times 24.4\% = 1,096)$  and that 14.8% of all lessee above 80% median income have homes that were built prior to 1960  $(4,337 \times 14.8\% = 641)$ . Total homes in need of repair are  $1,096 + 641 = 1,737$ .

8b. (column c) Assumes estimated need based on existing homes on DHHL lands built prior to 1960. This estimate does not include applicant or potential applicant needs in this regard.

8b. (column d) SMS 2006 Survey estimates that 24.4% of all lessees below 80% median income have homes that were built prior to 1960  $(4,495 \times 24.4\% = 1,096)$ .

**TABLE 2**  
**FINANCIAL RESOURCES**

**DEPARTMENT OF HAWAIIAN HOMELANDS**

Grant Number	<u>13HBGHI0001</u>
Federal Fiscal Year	<u>2013</u>
DHHL Program Year	<u>July 1, 2013 to June 30, 2014</u>
Original Submission	<u>      X      </u> Amended Submission <u>                    </u>

**PART I: SOURCES OF FUNDS FOR NATIVE HAWAIIAN BLOCK GRANT (NHHBG) ACTIVITIES**

Sources of Funds	Planned Amount
column a	column b
<b>1. HUD Resources</b>	
a. Native Hawaiian Block Grant	\$12,035,714.00
b. NHHBG Program Income	\$432,000.00
c. Other HUD Programs	
<b>2. Other Federal Resources</b>	
a.	
b.	
c.	
<b>3. State Resources</b>	
a.	
b.	
c.	
<b>4. Private Resources</b>	
a.	
b.	
c.	
<b>5. Total Resources</b>	\$12,467,714.00



**PART II: ALLOCATION OF FUNDS FOR NHHBG ACTIVITIES**

Activity		Planned			
		Budgeted NHHBG Amount	Budgeted Other Amounts	Number of Units	Number of Families
column a		column b	column c	column d	column e
1. Development					
a. Rental	1. Construction of new units				
	2. Acquisition				
	3. Rehabilitation				
b. Homeownership	1. Construction of new units (infrastructure, site development)	\$3,000,000		20	20
	2. Loan Programs	\$1,899,172		20	20
	3. Grants/Subsidies	\$2,000,000		20	20
2. Housing Services		\$1,000,000			20
3. Housing Management Services		0			
4. Crime Prevention and Safety		\$75,000			
5. Model Activities (specify below)					
a. Yet to be determined		\$2,000,000			
6. Planning and Administration		\$2,493,542			
7. Total		\$12,467,714		60	80

## **OTHER SUBMISSION ITEMS**

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### **1. Useful Life**

**Section 813(a)(2) requires that housing remain affordable. The DHHL will determine the "useful life" period for its units. The useful life of each assisted housing unit in each development must be described. This information may be described here or in the affordable housing resources section of the 1-year plan.**

DHHL has established the following affordability periods to describe the term during which DHHL will keep the unit affordable:

<u>NHHBG Funds Invested</u>	<u>Affordability Period</u>
Up to \$15,000	5 years
\$15,001 to \$30,000	10 years
\$30,001 to \$45,000	15 years
Over \$45,000	20 years

The affordability period is based on the total amount of NHHBG funds invested in the development and/or rehabilitation of a housing unit. Resale and recapture provisions will be included as a condition of the Hawaiian homestead lease to enforce the affordability restriction for each assisted housing unit.

### **2. Model Housing Activities**

**The DHHL is required to submit proposals to operate model housing activities. If a model housing activity is to be undertaken during the 1-year plan period, proposals may be included here, in the affordable housing resources section of the 1-year plan, or as a separate submission. All proposals must be approved by the Secretary prior to beginning any model housing activity.**

DHHL will submit proposals for model housing activities prior to implementation. The DHHL will also establish model activity priorities based on geographic location (in order of homestead establishment) and homestead eligibility, setting aside \$2 million for this category.

### **3. Planning and Administration**

**In accordance with the Interim Rule, state the percentage of annual grant funds that will be used for planning and administrative purposes.**

Although DHHL has historically used 5% of the NHHBG funds for planning and administration purposes, the increase in NHHBG lots over time has increased compliance requirements. In October 2008, DHHL received approval from HUD to increase administrative costs from 5% to 20% to address the administrative and monitoring needs associated with the program as it grew and to be in alignment with other NAHASDA programs. At this time, DHHL anticipates a need to allocate 20% of the NHHBG funds for planning and administration purposes.

## NATIVE HAWAIIAN HOUSING BLOCK GRANT

### STANDARD CERTIFICATION OF COMPLIANCE

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This certification is for use with the Native Hawaiian Housing Plan. In accordance with the applicable statutes, the Department of Hawaiian Home Lands certifies that:

(A) it will comply with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) or with title VIII of the Act popularly known as the 'Civil Rights Act of 1968' (42 U.S.C. 3601 et seq.) in carrying out this Act, to the extent that such title is applicable, and other applicable Federal statutes;

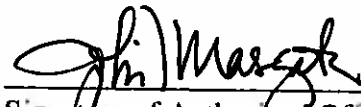
The following certifications will only apply where applicable based on program activities:

X (B) it will require adequate insurance coverage for housing units that are owned and operated or assisted with grant amounts provided under the Hawaiian Homelands Homeownership Act of 2000, in compliance with such requirements as may be established by the Secretary;

X (C) policies are in effect and are available for review by the Secretary and the public governing the eligibility, admission, and occupancy of families for housing assisted with grant amounts provided under this Act;

X (D) policies are in effect and are available for review by the Secretary and the public governing rents charged, including the methods by which such rents or homebuyer payments are determined, for housing assisted with grant amounts provided under this Act; and

X (E) policies are in effect and are available for review by the Secretary and the public governing the management and maintenance of housing assisted with grant amounts provided under this Act.

  
\_\_\_\_\_  
Signature of Authorized Official  
Jobie M. K. Masagatani, Chairman  
Hawaiian Homes Commission

6/26/13  
\_\_\_\_\_  
Date